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**BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES**

Application Number: 10/690,394

Filing Date: October 20, 2003

Appellant(s): MONK ET AL.

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David W. Boyd  
For Appellant

**EXAMINER'S ANSWER**

This is in response to the appeal brief filed December 3, 2008 appealing from the Office action mailed October 14, 2008.

**(1) Real Party in Interest**

A statement identifying by name the real party in interest is contained in the brief.

**(2) Related Appeals and Interferences**

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

**(3) Status of Claims**

The statement of the status of claims contained in the brief is correct.

**(4) Status of Amendments After Final**

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

**(5) Summary of Claimed Subject Matter**

The summary of claimed subject matter contained in the brief is correct.

**(6) Grounds of Rejection to be Reviewed on Appeal**

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

### (7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

#### New Grounds of Rejection:

##### *Claim Rejections - 35 USC § 101*

35 U.S.C. 101 reads as follows:

*Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.*

Claims 6 and 8-15 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

With regard to claims 6 and 8-15, a claimed process is eligible for patent protection under 35 U.S.C. § 101 if:

"(1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing. See Benson, 409 U.S. at 70 ('Transformation and reduction of an article 'to a different state or thing' is the clue to the patentability of a process claim that does not include particular machines.); Diehr, 450 U.S. at 192 (holding that use of mathematical formula in process 'transforming or reducing an article to a different state or thing' constitutes patent-eligible subject matter); see also Flook, 437 U.S. at 589 n.9 ('An argument can be made [that the Supreme] Court has only recognized a process as within the statutory definition when it either was tied to a particular apparatus or operated to change materials to a 'different state or thing.' ); Cochrane v. Deener, 94 U.S. 780, 788 (1876) ('A process is...an act, or a series of acts, performed upon the subject-matter to be transformed and reduced to a different state or thing.').<sup>7</sup> A claimed process involving a fundamental principle that uses a particular machine or apparatus would not pre-empt uses of the principle that do not also use the specified machine or apparatus in the manner claimed. And a claimed process that transforms a particular article to a specified different state or thing by applying a fundamental principle would not pre-empt the use of the principle to transform any other article, to transform the same article but in a manner not covered by the claim, or to do anything other than transform the specified article." (*In re Bilski*, 88 USPQ2d 1385, 1391 (Fed. Cir. 2008))

Also noted in *Bilski* is the statement, "Process claim that recites fundamental principle, and that otherwise fails 'machine-or-transformation' test for whether such claim is drawn to patentable subject matter under 35 U.S.C. §101, is not rendered patent eligible by mere field-of-use limitations; another corollary to machine-or-transformation test is that recitation of specific machine or particular transformation of specific article does not transform unpatentable principle into patentable process if recited machine or transformation constitutes mere 'insignificant post-solution activity.'" (*In re Bilski*, 88 USPQ2d 1385, 1385 (Fed. Cir. 2008)) Examples of insignificant post-solution activity include data gathering and outputting. Furthermore, the machine or transformation must impose meaningful limits on the scope of the method claims in order to pass the machine-or-transformation test. Please refer to the USPTO's "Guidance for Examining Process Claims in view of *In re Bilski*" memorandum dated January 7, 2009,

[http://www.uspto.gov/web/offices/pac/dapp/opla/documents/bilski\\_guidance\\_memo.pdf](http://www.uspto.gov/web/offices/pac/dapp/opla/documents/bilski_guidance_memo.pdf) .

It is also noted that the mere recitation of a machine in the preamble in a manner such that the machine fails to patentably limit the scope of the claim does not make the claim statutory under 35 U.S.C. § 101, as seen in the Board of Patent Appeals Informative Opinion *Ex parte Langemyr et al.* (Appeal 2008-1495),

<http://www.uspto.gov/web/offices/dcom/bpai/its/fd081495.pdf> .

Claims 6 and 8-15 are not tied to a particular machine or apparatus nor do they transform a particular article into a different state or thing, thereby failing the machine-or-transformation test; therefore, claims 6 and 8-15 are non-statutory under § 101.

**(8) Evidence Relied Upon**

US 2003/0187783

Arthus et al.

10-2003

**(9) Grounds of Rejection**

**New Grounds of Rejection**

*Claim Rejections - 35 USC § 101*

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Claims 6 and 8-15 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

With regard to claims 6 and 8-15, a claimed process is eligible for patent protection under 35 U.S.C. § 101 if:

*"(1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing. See Benson, 409 U.S. at 70 ('Transformation and reduction of an article 'to a different state or thing' is the clue to the patentability of a process claim that does not include particular machines.); Diehr, 450 U.S. at 192 (holding that use of mathematical formula in process 'transforming or reducing an article to a different state or thing'*

*constitutes patent-eligible subject matter); see also Flook, 437 U.S. at 589 n.9 ('An argument can be made [that the Supreme] Court has only recognized a process as within the statutory definition when it either was tied to a particular apparatus or operated to change materials to a 'different state or thing''); Cochrane v. Deener, 94 U.S. 780, 788 (1876) ('A process is...an act, or a series of acts, performed upon the subject-matter to be transformed and reduced to a different state or thing.').<sup>7</sup> A claimed process involving a fundamental principle that uses a particular machine or apparatus would not pre-empt uses of the principle that do not also use the specified machine or apparatus in the manner claimed. And a claimed process that transforms a particular article to a specified different state or thing by applying a fundamental principle would not pre-empt the use of the principle to transform any other article, to transform the same article but in a manner not covered by the claim, or to do anything other than transform the specified article." (In re Bilski, 88 USPQ2d 1385, 1391 (Fed. Cir. 2008))*

Also noted in *Bilski* is the statement, "Process claim that recites fundamental principle, and that otherwise fails 'machine-or-transformation' test for whether such claim is drawn to patentable subject matter under 35 U.S.C. §101, is not rendered patent eligible by mere field-of-use limitations; another corollary to machine-or-transformation test is that recitation of specific machine or particular transformation of specific article does not transform unpatentable principle into patentable process if recited machine or transformation constitutes mere 'insignificant post-solution activity.'" (In re Bilski, 88 USPQ2d 1385, 1385 (Fed. Cir. 2008)) Examples of insignificant post-solution activity include data gathering and outputting. Furthermore, the machine or transformation must impose meaningful limits on the scope of the method claims in order to pass the machine-or-transformation test. Please refer to the USPTO's "Guidance for Examining Process Claims in view of *In re Bilski*" memorandum dated January 7, 2009,

[http://www.uspto.gov/web/offices/pac/dapp/opla/documents/bilski\\_guidance\\_memo.pdf](http://www.uspto.gov/web/offices/pac/dapp/opla/documents/bilski_guidance_memo.pdf) .

It is also noted that the mere recitation of a machine in the preamble in a manner such that the machine fails to patentably limit the scope of the claim does not make the claim statutory under 35 U.S.C. § 101, as seen in the Board of Patent Appeals Informative Opinion *Ex parte Langemyr et al.* (Appeal 2008-1495),  
<http://www.uspto.gov/web/offices/dcom/bpai/its/fd081495.pdf>.

Claims 6 and 8-15 are not tied to a particular machine or apparatus nor do they transform a particular article into a different state or thing, thereby failing the machine-or-transformation test; therefore, claims 6 and 8-15 are non-statutory under § 101.

***The following are the rejections as per the Final Rejection***

***Claim Rejections - 35 USC § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless -

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

Claims 1-2, 4-6, and 8-21 are rejected under 35 U.S.C. 102(e) as being anticipated by Arthus et al. (US 2003/0187783).

Re claim 1, Arthus teaches an account acquisition fraud management system (para. 0030; Arthus provides systems and methods for monitoring credit fraud by tracking and analyzing), the account acquisition fraud management system comprising:

a first analysis engine (para. 0039 and fig. 1 (element 106)=Arthus teaches first analysis engine as point of sale), wherein the first analysis engine is associated with a first stored value product (para. 0003 and 0026=Arthus teaches first stored value product corresponding to merchant's bank, a credit card association, such as VISA or MasterCard, and the issuer's bank);

a second analysis engine(para. 0039 and fig. 1 (element 106)=Arthus teaches second analysis engine as point of sale), wherein the second analysis engine is associated with a second stored value product from a different issuer than an issuer of the first stored value product (para. 0003 and 0026=Arthus teaches first stored value product corresponding to merchant's bank, a credit card association, such as VISA or MasterCard, and the issuer's bank); and

a cross monitor, wherein the cross monitor is operable to accept a first transaction information from the first analysis engine about a first transaction with the first stored value product and a second transaction information from the second analysis engine about a second transaction with the second stored value product, wherein the first transaction information is provided from the cross monitor to the second analysis engine (para. 0039-0041=Arthus teaches server computer as cross monitor when he discloses the server computer is configured to receive merchant credit transaction information from one or more point of sale devices or credit processing computers); and

wherein the second analysis engine is operable to determine a transaction velocity from the first and second transaction information, and stalling the second transaction when the transaction velocity exceeds a velocity threshold (para. 005= Arthus teaches stalling in when he discloses "placed on hold"; para. 0009 and 0043= Arthus teaches velocity when he discloses specified criteria having charge back volumes in excess of charge volumes and merchants suspected of potentially fraudulent activity are flagged.).

Re claim 2, Arthus teaches a computer readable medium accessible to the cross monitor, wherein the computer readable medium includes the first transaction and the second transaction information (para. 0025).

Re claims 4 and 8-11, Arthus teaches the first transaction information and the second transaction information are selected from a group consisting of: a physical address, a telephone number, a virtual address, and a load source (para. 0012).

Re claims 5 and 12, Arthus teaches the cross monitor is further operable to maintain the first transaction information is a queue associated with an issuer of the second stored value card product (para. 0057).

Re claim 6, Arthus teaches a method as claimed in claim 1. Therefore the rationale applied in the rejection of claim 1 applies herein. In addition, Arthus teaches a method for detecting fraud in relation to stored value products (para. 0057), the method comprising:

receiving a first suspicious activity indication from a first issuer analysis engine, wherein the first issuer analysis engine is operable to monitor activities occurring in relation to a first plurality of stored value products associated with the first issuer (fig. 9);

receiving a second suspicious activity indication from a second issuer analysis engine, wherein the second issuer analysis engine is operable to monitor activities occurring in relation to a second plurality of stored value products associated with a second issuer different from the first issuer (para. 0058);

maintaining the first suspicious activity indication and the second suspicious activity indication in a global negative file (para. 0043-0044, 0050, and 0006);

receiving an activity request from the first issuer analysis engine, wherein the request includes a transaction information about a current transaction with one of the first plurality of stored value products associated with the first issuer (abstract);

based at least in part on the transaction information, accessing the global negative file (figs. 5a-e);

calculating a transaction velocity based on the transaction information, and the first and second suspicious activity indication in the global negative file (para. 0052); and

providing a response, wherein the response indicates whether the current transaction exceeds a velocity threshold (para. 0042).

Re claim 13, Arthus teaches the response includes at least two of the following: a data of the suspicious behavior, a funding account number, a denial reason, a review status, and a reviewer note (para. 0043-0044).

Re claim 14, Arthus teaches the response includes an indication of related accounts (para. 0028-0030).

Re claim 15, Arthus teaches the response is a first response associated with a first account, wherein the global negative file indicates a second account associated with the first account, and wherein the method further comprises: providing a second response to the second issuer associated with the second account (para. 0050).

Re claim 16, Arthus teaches a system as claimed in claims 1 and 6. Therefore the rationale applied in the rejection of claims 1 and 6 applies herein. In addition, Arthus teaches a system for suppressing fraudulent activity in relation to account acquisition (para.), the system comprising:

- a first load monitor associated with a first issuer (para. 0051);
- a second load monitor associated with a second issuer (para. 0057);
- a first enrollment monitor associated with the second issuer (para. 0030-0038);

and

a cross monitor, wherein the cross monitor is operable to assemble information from the first load monitor or first enrollment monitor, and the second load monitor or second enrollment monitor with a transaction using a first stored value product, and wherein the cross monitor is operable to determine a transaction velocity for the transaction using the information, and communicate the transaction velocity to both the first issuer and the second issuer (para. 0042).

Re claim 17, Arthus teaches a request to load value on a stored value product associated with the first issuer is processed at least in part by the first load monitor (para. 0042-0050).

Re claim 18, Arthus teaches first load monitor is operable to apply a velocity check on a load request (para. 0048 and 010-0011).

Re claim 19, Arthus teaches first load monitor is further operable to compare the velocity with a predefined velocity limit (para. 0042).

Re claims 20-21, Arthus teaches first load monitor is operable to provide a detected suspicious activity to the cross monitor (para. 0050).

#### **(10) Response to Argument**

Upon a closer examination, Applicant's arguments filed December 3, 2008 have been fully considered but they are not persuasive.

In response to the arguments concerning the previously rejected claims the following comments are made:

A.) Applicant alleges that the prior art made of record fails to teach a second analysis engine, wherein the second analysis engine is associated with a second stored value product from a different issuer than an issuer of the first stored value product. The examiner disagrees with applicant's representative since Arthus discloses a second analysis engine, wherein the second analysis engine is associated with a second stored value product from a different issuer than an issuer of the first stored value product when he discloses a computer system monitoring the activities of plurality of merchants (para. 0039, 0030, 0012, and 0026). In other words, Arthus discloses monitoring credit fraud relating to a plurality of merchants (i.e. issuers as claimed). His system discloses the step of monitor the activities of the merchants with respect to the transactions within

which the merchants participate. In that, he discloses if the investigator desires to monitor the merchant's activity, the investigator may select an add icon to add the merchant to a watch list. As stated in paragraph 0030 of Arthus, the analysis engine as claimed is the monitors activity.

B.) Applicant alleges that the prior art made of record fails to teach stored value product. The examiner disagrees with applicant's representative since Arthus discloses stored value product when he discloses any fraudulent or suspicious activity (para.0026; 0003, 0005-0006, and 0008-0009). He discloses organizations desire to monitor the account history of their clients including collecting transaction information relating to the merchants on a server computer and electronically evaluating the collected information for the potentially fraudulent activities using specified criteria.

C.) Applicant alleges that the prior art made of record fails to teach cross monitor. The examiner disagrees with applicant's representative since Arthus discloses cross monitor when he discloses the server computer (para. 0039-0041; fig. 1). In Arthus, the cross monitor is the two point of sales (POS-element 106 in figure 1) being analyzed/monitor by the server computer. The server computer is the cross monitor.

D.) Applicant alleges that the prior art made of record fails to teach stalling. The examiner disagrees with applicant's representative since Arthus discloses stalling when he discloses the step of flagging or holding or delaying (para. 0050). Arthus shows that said "stalling" step is taught at paragraph [0050] as explained further. Basically, the step of "stalling the second transaction..." as claimed is to prevent a transaction from going through if a trigger is activated (i.e., velocity exceeds a velocity threshold as

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claimed). In paragraph [0050] of Arthus, upon a trigger for credit fraud review, "payment" to the merchant may be delayed as a result of the fraud investigation. Excerpt of paragraph [0050] is reproduced below:

"[T]he inclusion of this field allows managers to observe for trends relating sales persons to fraudulent merchants.... The priority field 516 provides an indication of the seriousness of the anomaly that triggered the review. The assigned to field 518 identifies the investigator performing the investigation.... The merchant funding flag(s) field 522, the merchant DDA set to field 524 and the diversion/suspense 99 day hold field 526 together provide an indication of how quickly the credit processing organization typically pays the merchant and whether the organization is maintaining funds in reserve prior to paying the merchant."

E.) In response to applicant's argument that the references fail to show certain features of applicant's invention, it is noted that the features upon which applicant relies (i.e., cross monitor) are not recited in the rejected claim 6. Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

With regards to the claims rejected as taught by Arthus, the examiner would like to point out that the reference teaches the claimed limitations and thus provides adequate support for the claimed limitations. Therefore, the examiner maintains that Arthus taught the claimed limitations.

#### **(11) Related Proceeding(s) Appendix**

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

This examiner's answer contains a new ground of rejection set forth in section (9) above. Accordingly, appellant must within TWO MONTHS from the date of this answer exercise one of the following two options to avoid sua sponte dismissal of the appeal as to the claims subject to the new ground of rejection:

(1) Reopen prosecution. Request that prosecution be reopened before the primary examiner by filing a reply under 37 CFR 1.111 with or without amendment, affidavit or other evidence. Any amendment, affidavit or other evidence must be relevant to the new grounds of rejection. A request that complies with 37 CFR 41.39(b)(1) will be entered and considered. Any request that prosecution be reopened will be treated as a request to withdraw the appeal.

(2) Maintain appeal. Request that the appeal be maintained by filing a reply brief as set forth in 37 CFR 41.41. Such a reply brief must address each new ground of rejection as set forth in 37 CFR 41.37(c)(1)(vii) and should be in compliance with the other requirements of 37 CFR 41.37(c). If a reply brief filed pursuant to 37 CFR 41.39(b)(2) is accompanied by any amendment, affidavit or other evidence, it shall be treated as a request that prosecution be reopened before the primary examiner under 37 CFR 41.39(b)(1). Extensions of time under 37 CFR 1.136(a) are not applicable to the TWO MONTH time period set forth above. See 37 CFR 1.136(b) for extensions of time to reply for patent applications and 37 CFR 1.550(c) for extensions of time to reply for ex parte reexamination proceedings.

Respectfully submitted,

/Thu Thao Havan/  
Primary Examiner, Art Unit 3695

Conferees:

Charles R. Kyle/crk/  
Supervisory Patent Examiner, Art Unit 3695

Vincent Millin /vm/  
Appeals Practice Specialist

/Wynn W. Coggins/  
Group Director, TC 3600